May

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MONTHLY REPORT
CROP AND BUSINESS CONDITIONS
IN NINTH FEDERAL RESERVE DISTRICT.

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GENERAL:

Brisk activity characterizes current business and agricultural conditions in the Ninth Federal Reserve District, and the outlook is extremely favorable. There will be some reduction in wheat acreage, estimated at about 10 percent, and some shortage in the amount of corn planted. The total crop will probably be large, these decreases in acreage being offset by a larger planting of barley, rye and flax, the latter especially showing an increased acreage this year.

The demand upon the banks has shown some improvement, and a hardening of rates is believed to be in sight. The heavy reserves that have been carried so long are being reduced by the demands of the farming sections, and business shows a disposition to increase in volume rather than to diminish.

Reports during the month show very active building operations at all points, the chief of which is the decision of the steel corporation to add improvements to the value of $7,000,000 to its new steel plant at Duluth.

Mining conditions in Northern Michigan, Northern Minnesota and Montana, also in the Black Hills District of South Dakota, are favorable, and the production is very heavy. Northern Minnesota will probably show record iron shipments this year, and ore is already moving down the Lakes in heavy volume.

The activity in farm property, previously noted, is increasing very satisfactorily, and a large volume of settlement is coming into the Northwest. Urban property is beginning to move actively, and the depression in the real estate business, which has been evident for more than a year, is disappearing.

Labor is fully employed at good wages, and the district is free from labor troubles.

Wholesale and retail trade is active, and collections are excellent.

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AGRICULTURAL CONDITIONS:

The knowledge that a considerable amount of wheat has gone into the ground on poorly prepared land has made the grain trade very sensitive to any reports indicating damage, and has caused many rumors, during the month, of a heavy shortage in acreage , damage to the growing crop and injury through rains and heavy storms. Weather conditions, as a whole, have been favorable, but there have been frequent storms, accompanied in a number of instances, by very severe winds. Reports covering the grain territory, as a whole, seem to indicate that the crop at this time is about on a par with last year's crop. Wheat has had cool and favorable weather in which to germinate, and it shows a fine strong color. The crop has all the moisture it needs, and is more in danger of too much moisture than too little. In some localities the heavy rains have caused damage, and there are a good many low spots that have too much water.

North Dakota has probably never shown more moisture at this season of the year. The lakes and streams are high, and thr ground is saturated to a considerable depth. This condition is very favorable to grain that has been stubbled in, and will give it an excellent start and protect it until well into July. The chief apprehension as to the planting that has been done on stubble fields is that the crop may not have throughout all of the growing season the opportune rains that are necessary to produce a good crop from such planting.

Inspection of a considerable part of the grain growing territory, together with numerous reports, indicates that the shortage in acreage will be about 10 percent. There will also be some shortage in corn, although it is not believed, at this time, that it will be serious. Rains have interfered to some extent with corn planting, and on account of the poor crop last year, prime seed has been scarce and expensive. The reports seem to agree that the acreage of barley and rye will be increased, and that the damage to winter wheat in Montana will be offset by the large amount of re-seeding to spring wheat that has been done. While the crop went into the ground at least three weeks late, it has been making good progress. While there has been a considerable amount of rain, the weather has been warmer and more favorable to a satisfactory crop development than during May a year ago. There is still a large amount of old wheat in the country. Shipments to terminals at Minneapolis and Duluth have been very light, and probably will not increase to any extent until after the spring work is completed. The receipts at terminals since the beginning of the crop year have been extraordinarily heavy, the total from Sept.1, 1915, to May 30, being 232,459,000 bushels as against 151,106,000 bushels a year ago; an increase of 81,353,000 bushels. Elevator stocks at terminals are heavier by more than 11,000 ,000 bushels than a year ago this date, even in the face of the heavy shipments down the Lakes which followed the opening of navigation. Minneapolis and Duluth show 19,883,000 bushels in store, more than has been held at this date for five years, with the single exception of 1913. The milling output has slacked off, and is averaging for Minneapolis about 280,000 barrels a week.

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LIVE STOCK CONDITIONS:

Western authorities believe that the high market for beef cattle ,which now prevails, will continue for some time to come, and there has been a movement during the month to encourage stock raisers to increase their holdings of young stock. Cattle have been selling at record prices for the season; hogs are well up towards record rates, while sheep and lambs have been bringing prices that are higher than any that have ever been paid before.

Wool promises to bring the highest price that the West has ever known. Reports have been received of Wyoming wool contracted for at 31 cents, and some contracts in Colorado at the same unusual prices. Very little business has so far been done in Montana,as the season is still somewhat early, but some wool has been sold on the basis of 30 cents for ordinary medium clips; while in the Soda Springs section 30 and 32 cents has been quoted for medium wool.

An unusual incident in the stock situation was the movement during the month of a large shipment of hogs from Jackson Brothers ranch near Dallas, South Dakota, to the Sioux City market by way of the Missouri River. This is the second shipment by river from the same ranch, and the stock reached the market in excellent condition. There is considerable discussion of the possibility of more active use of the water route in the handling of live stock out of the Missouri River Valley to the Sioux City market.

WHOLESALE AND RETAIL TRADE:

The leading houses in the distributing business report that staples, such as dry-goods, hardware and groceries are moving in good volume, and business is showing an excellent increase over a year ago. Retail trade is brisk and collections are very good. The general condition of the Ninth District could hardly be better, and is excellently summarized by Hon. Isaac Lincoln of Aberdeen,South Dakota, an able and expert observor, who says:

> "The farming interests are certainly in better condition than they have ever been since I have been in the country. They have had good crops and good prices, but the most encouraging thing is that they are generally improving their buildings. They have more live stock than usual, are raising more forage crops, and are showing excellent thrift."

MONEY RATES AND BANKING CONDITIONS:

Rates for money have shown no appreciable change. There is a considerable improvement in demand, and some reduction in the very heavy reserves which have accumulated is already being observed. Rediscounts at the Ninth Bank show a slight improvement incident to the great activity in the agricultural districts. Conditions at manufacturing centers and in the larger cities are easy, and business shows an excellent momentum and a disposition to increase,rather than diminish in volume. The outlook is excellent, and banking authorities are inclined to look forward to a period of considerable activity.

NINTH BANK CREATES BOND MARKET:

An important development of the month has been the announcement by the Ninth Federal Reserve Bank that it will offer for public sale tax exempt bonds of the United States -- 3 percent Consols of 1930 -- in denominations to meet the requirements of the small, as well as large investors. An allotment of these bonds has already been received , and the first sale was made on Saturday, May 27th. The first bonds received from Washington include a supply of one hundred dollar denominations, sufficient to meet the present demand, and immediately after July 1, a further allotment will be received and placed on sale. This bank believes that the bonds of the United States should be included in the investments of every citizen. It expects to grant every facility which will encourage the public to make use of this opportunity to acquire securities of the highest possible quality bearing a satisfactory income rate.